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CHA Calls on Legislature to Make Healthcare Investments a Priority *Hospitals Must Be Paid What It Costs to Provide Care*

Wallingford, Connecticut, January 18, 2007—Investing in hospitals and healthcare must be a legislative priority if Connecticut residents are to continue to have access to state-of-the-art healthcare, according to testimony presented by the Connecticut Hospital Association (CHA) at a hearing of the Human Services Committee today.

“By not paying hospitals what it costs to provide care to one-quarter of the State’s population, we place all Connecticut residents at risk,” said CHA President and CEO Jennifer Jackson.

“Connecticut hospitals are the cornerstones of their communities and key contributors to our overall quality of life—just like strong schools, safe streets, and good jobs,” continued Jackson. “Independent reports are starting to recognize that the shortfall resulting from this chronic under-reimbursement is impeding hospitals’ ability to plan appropriately for the future—to invest in new technologies that will better serve their communities. Instead, hospitals are being forced to cost-shift just to make ends meet.”

During today’s hearing, held to examine the adequacy of hospital reimbursement from private managed care organizations serving HUSKY and Medicaid clients, CHA pointed out that hospitals are contributing more than \$334 million per year to cover the cost of care provided to the 23% of Connecticut’s population who either receive health insurance benefits through State-funded programs like Medicaid and SAGA or who are uninsured. CHA noted that the amount hospitals must contribute to cover State under-funded

programs such as Medicaid and SAGA is more than three times what is needed to cover the cost of care for those without health insurance.

Under-reimbursement for Medicaid beneficiaries, in particular, is a tremendous burden for hospitals. Currently, hospitals contribute 74 cents for every state dollar provided to care for these individuals.

This hearing follows the release of a report on December 18, 2006, *Funding of Hospital Care in Connecticut*, published by the Program Review and Investigations Committee which noted that “it appears that the rate increases of Medicaid [Managed Care Organizations] MCOs has gone to increased MCO administrative expenses and have not been passed on to providers, at least not to hospitals.”

The solution to this problem, according to CHA, is for legislators to make investing in hospitals a priority during this legislative session.

“The bottom line is that in order for hospitals to continue offering the finest healthcare services in the country for all Connecticut residents, they must be paid what it costs to care for individuals enrolled in state programs,” said Jackson.